

EXECUTIVE SECRETARIAT
ROUTING SLIP

*Memo
Chambers*

TO: 1

		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR				
4	D/ICS				
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9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/Pers				
14	D/OLL				
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SUSPENSE _____
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Remarks

3637 (10-81)



13 June 1984

Date

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Los Angeles Times

Friday, April 27, 1984

Court Order May Lead to Sale of Aircraft Firm's Stock**Board Named for Hughes Institute**

By RALPH VARTABEDIAN, Times Staff Writer

Control of the Howard Hughes Medical Institute, sole owner of the Hughes Aircraft Co., was put in the hands of a permanent nine-member board of trustees Thursday in an order by the Delaware Court of Chancery.

The decision establishes a cast of prominent national academicians and corporate leaders who will face almost immediately the issue of diversifying the medical institute's assets, probably requiring a divestiture of at least a controlling share of El Segundo-based Hughes Aircraft Co.

It has previously been estimated that a sale of Hughes Aircraft stock, which is wholly owned by the nonprofit research institute, could raise \$2 billion to \$4 billion.

Chancellor Grover Brown, the Delaware judge who has ruled in the six-year court case for control of the medical institute, named eight members of the trustee board. The ninth member is to be selected by the board.

Brown ruled last January that William Gay and the late Chester Davis, two former aides of Howard Hughes, had acted without authority in taking control of the medical institute after Hughes' death in 1976. The case was brought to court by the attorney general in Delaware, where the Miami-based medical institute is incorporated.

In Thursday's court order, Gay was named as one of the eight trustees, a major victory for Gay and his supporters, including the Washington law firm of Hogan & Hartson, which had longstanding ties to the Hughes organization.

Delaware Atty. Gen. Charles Oberly III had objected strenuously to the appointment of Gay to the board, according to two sources close to the case.

The order also named to the board William Lummis, the Hughes nephew who has fought extensively with Gay and other powers in the Hughes empire after the billionaire's death. Lummis successfully took control of

the Hughes personal estate from Davis and Gay, and also had a key role in starting the Delaware case.

The rest of the eight trustees named Thursday are:

3. **George W. Thorn**, professor emeritus at Harvard University Medical School and a member of the Hughes medical institute's executive committee that was contested in the Delaware case.

4. **Donald S. Frederickson**, former director of the National Institutes of Health, a federally funded agency that sponsors medical research.

5. **Irving S. Shapiro**, former chairman and chief executive of E. I. du Pont de Nemours.

6. **Hanna H. Gray**, president of the University of Chicago.

7. **Helen Copley**, chairman of San Diego-based Copley Press Inc.

8. **James H. Gilliam Jr.**, senior vice president of Beneficial Corp.

The court also gave the new trustees the option of forgoing an accounting of previous management and administration of the institute.